

Message Text

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ACTION AGRE-00

INFO OCT-01 ARA-10 ISO-00 EB-08 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /085 W

-----055364 161947Z /72

R 161647Z AUG 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8813

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PASS USDA/FAS/WASHDC

E.O. 11652: NA

TAGS: EAGR

SUBJECT: GOV REGULATIONS RE APPLES AND PEARS

REF: TOFAS 184, TOFAS 185

1. RECENT TELCON WITH FRUIT TRADE SOURCE REVEALED DISSATISFACTION AT WHOLESALE AND RETAIL LEVEL WITH FIXED PRICE CEILINGS ON APPLES AND PEARS. SOURCE STATED THAT CERTAIN NATIONWIDE CHAIN STORES HAVE THREATENED TO CLOSE FOR 24 HOURS IN PROTEST LOW CEILINGS. ACCORDING TO SOURCE, ONCE REPORTS OF THIS REACHED GOV, THE MINISTER OF DEVELOPMENT COMMENTED THAT STORES WERE SERVICE TO PUBLIC AND COULD NOT CLOSE AND IT IS THE OBLIGATION OF THE FRUIT ASSOCIATION TO MAKE ITS MEMBERS OBEY THE LAW. WE HAVE NO REPORTS OF CHAIN STORE REACTION OR CLOSINGS AS YET.

2. TRADE SOURCE ALSO NOTED GENERAL FEELING IN INDUSTRY IS TO PETITION GOV FOR INCREASED CEILING AS CEILINGS ARE LOWER THAN FREIGHT IMPORT COSTS. SOURCE HOPES FOR CONCERTED EFFORT BUT INDICATED FRUIT IMPORTERS MAY WANT PETITION ON INDIVIDUAL BASIS. IMPACT COULD BE LESSENED IN LATTER METHOD, BUT FEELS GOV WOULD GET MESSAGE LIMITED OFFICIAL USE

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EITHER WAY. HOWEVER, SOURCE COMMENTED THAT ANY PETITION WOULD COME ONLY AFTER APPLE AND PEAR IMPORTS FROM ARGENTINA HAVE CEASED, AS FRUIT FROM THERE HAS NO DUTY, NO CONGESTION CHARGE AND FREIGHT COSTS LOWER THAN U.S. NOTE: THIS WOULD SEEM TO IMPLY THAT BECAUSE ARGENTINE FRUIT IS CHEAPER, IMPORTERS STAND TO ACCRUE HIGHER PROFIT MARGIN THAN WITH U.S. APPLES AND PEARS.

3. SOURCE QUEIRED ON POTENTIAL U.S. FRUIT IMPORTS. HE STATED THAT AFTER SHIPMENTS FROM ARGENTINA CEASE AND DOMESTIC SUPPLY BECOMES SCARCE, PETITION WITH SUPPORTING DOMESTIC SUPPLY AND IMPORT COST DATA WILL BE PRESENTED TO GOV. HE FEELS GOV WILL BE FORCED TO RAISE CEILINGS TO ASSURE SUPPLY. AS RESULT, FRUIT IMPORTS FROM U.S. WOULD FOLLOW. NOTE: WHILE TRADE RELYING ON ABOVE RATIONALE, UPCOMING ELECTION

YEAR WILL ALSO HAVE INFLUENCE. CURRENT ADMINISTRATION WILL BE RELUCTANT TO RAISE PRICES BEFORE NATIONAL ELECTIONS.

4. SOURCE GAVE FOLLOWING COSTS BREAKOUT FOR APPLES (45 LB. CARTON) IMPORTED FROM U.S. WEST COAST. DISREGARD COSTS BREAKDOWN REPORTED IN OUR LETTER AUGUST 12, 1977. HOWEVER, PROFIT MARGIN REMAINS UNCHANGED.

PLEASE READ IN THREE COLUMNS:

BOLIVARES		DOLLARS
18.62	4.35	BASIC FREIGHT COST
2.78	.65	CONGESTION CHARGE
0.04	.01	IMPORT SURTAX
9.81	.19	HANDLING CHARGE (FOOTNOTE 1)
0.26	.06	WHARF CHARGE (FOOTNOTE 1)
0.73	.17	BUNKER CHARGE (FOOTNOTE 2)
0.43	.10	AGRICULTURAL FUNDS
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7.36	1.72	DUTY OF 20 PERCENT
31.03	7.25	TOTAL IMPORT COSTS
36.38	8.50	FOB WEST COAST

BS. 67.41 \$15.75 TOTAL COST TO IMPORTER

FOOTNOTE 1: HANDLING AND WHARF CHARGES IMPOSED AUGUST 1977.

FOOTNOTE 2: BUNKER CHARGE IS \$3 PER CUBIC METER.

5. RECENT TARIFF ADJUSTMENTS TO APPLES AND PEARS WERE PART OF OVER-ALL GOV EFFORT TO ADJUST ALL DUTY RATES. RATE CHANGES WERE EFFECTIVE MAY 1977. FURTHER INFO TO FOLLOW.

6. NOTE: GOV MOVE TO IMPOSE RESTRICTIONS ON FRUIT IMPORTERS IS AIMED AT HALTING INFLATION AND REDUCING DEPENDENCE ON IMPORTS. RECENT NEWS MEDIA REPORTS STATE PROFITS TO FRUIT IMPORTERS ARE EXCESSIVE, AMOUNTING UP TO 70 PERCENT IN SOME INSTANCES. THE RECENT ADDITIONAL GOV CHARGES TO FRUIT IMPORTERS MAY ALSO BE EFFORT TO CUT DOWN ON ALLEGED

PROFIT MARGINS.

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Message Attributes

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Copy: SINGLE
Sent Date: 16-Aug-1977 12:00:00 am
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Disposition Date: 22 May 2009
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